

**CONFIDENTIAL****Office Memorandum • UNITED STATES GOVERNMENT**

TO : Assistant Director, Intelligence Coordination

FROM : Assistant Director, Scientific Intelligence

SUBJECT: Budgetary Analysis of Intelligence Programs

DATE: 27 Nov 53

1. This memorandum refers to your Memorandum of Conversation dated 20 November 1953 and to the meeting held in your office on 20 November 1953.

2. With respect to paragraph 3 a., your memo of 20 November, this office has no objection to the threefold major classification outlined; however, it is considered that by itself, it is relatively meaningless. It is assumed that the total OSI effort would be stated under the category "Production".

3. The outline of intelligence activities under the category "Production" set forth in paragraph 3 b. is in the opinion of this office incomplete, and unless further clarified may lead to confusion and duplication. This office recommends that the scientific and technical categories be combined into one category of "Scientific and Technical", as is the current practice in the directives of the intelligence community. In order to be meaningful for the purposes of the Bureau of the Budget, we recommend that under the category "Scientific and Technical", the following sub-categories be utilized:

Nuclear Energy

Conventional Armaments

Ground

Air

Sea

Biological Warfare

Chemical Warfare

Basic Scientific Resources

Guided Missiles

Electronics Intelligence

**OSD REVIEW  
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In presenting this recommendation to the Department of Defense, it should be made clear that the statement of funds allocated under these sub-categories reflects the division of primary production responsibilities between CIA and the Departments of the Department of Defense, as set forth in DCID 3/4. Under the categories "Military, Naval and Air", this office envisions the Department of Defense establishing sub-categories for OE, and other related Military Intelligence, and to exclude from Military, Naval and Air those sub-categories recommended by this office for inclusion under "Scientific and Technical".

4. We recommend that under paragraph 3 c. alternative #1 be adopted. Any effort on the part of this office to follow alternative #2 and sub-classify our total effort in terms of basic, current and national intelligence would be essentially meaningless because the bulk of our research effort is common to all three. Furthermore, a significant portion of our research effort is directed to the support of the DD/P area.

OSI;GAH:bj

*for*

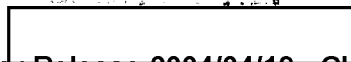
H. MARSHALL CHADWELL



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24 Nov

1. If the objectives of the Bureau of Budget's analysts are to be met, it is believed necessary to classify intelligence activities by substantive or operational programs, rather than by the classical, but often indistinct, categories of production, collection and dissemination and by the production categories given in NSCIDs-3.

2. On the basis of IAC-D-55/4, The Foreign Intelligence Program, it might be possible to derive an initial list of substantive programs which could be further refined and which would give the Bureau a realistic view of the ways in which intelligence dollars are spent. Such a classification, with the corresponding approximate expense born by the individual agencies for each program, might go far toward reassuring the Bureau that apparent overlap is not in all cases outright duplication, and might also reveal actual duplication which requires remedial action by the IAC.

3. A rough listing of programs in the scientific and technical field is given below as a sample:

- Nuclear energy
- Soviet armament
- Biological warfare
- Chemical warfare
- Basic scientific research
- Non-Soviet armament
- Electronics intelligence

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4. Other programs in other fields which might be included are:

NIS

NIS

Operational military intelligence

Order of battle

Targeting

Psychological warfare (with appropriate breakdown of programs)

Warning of attack

Economic intelligence on the Soviet orbit

Political intelligence on the Soviet orbit

Economic intelligence on Non-Soviet areas

Political intelligence on Non-Soviet areas

Current intelligence (OCI)

5. Using the above classification, it would be possible to include in each category the cost of directly related support activities, including External Research, - e.g. in the case of Basic Scientific Resources, the cost of activities in open exploitation of Soviet scientific literature could be included;

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6. Certain support and operational programs of a general nature, which serve all or a majority of programs, could be included as separate categories. Among these would be:

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Library systems

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Foreign Documents Division and related activities

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Geographic intelligence (including collection aspects)

Ground and aerial photography

Aerial reconnaissance

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IAC-M-130

24 November 1953

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Approval of Minutes

(IAC-M-129, 17 November)

1. Action: Approved, subject to the deletion of the word "printed" in the penultimate line of paragraph 1.

Probable Short-Term

Developments in

French Policy

(NIE-63/1)

2. Action: Approved, as amended.

Budgetary Analysis of  
Intelligence Programs

3. Action: Agreed (a) that the ad hoc committee constituted to develop a classification system should also consider the other methods of review suggested by the Bureau of the Budget, as well as the Bureau's stated objectives, in order to make them as meaningful and precise as possible; (b) that it would be desirable that the Bureau not approach the Office of the Secretary of Defense until the action in (a) had been completed and the Bureau provided with the IAC's guidance.

25X1 4. Discussion: [ ] said he had discussed this subject with Mr. Garlock, the Deputy Comptroller (Budget)/OSD, who felt that the Bureau would better serve its purposes by consulting with members of the Comptroller's staff. General Samford suggested that this not be done until the IAC and its ad hoc committee had devoted their best efforts to refining the Bureau's proposal and suggested methods of proceeding. In this connection, he pointed out that the Bureau is obliged to view the problem in its entirety, whereas the Department of Defense can look authoritatively at only the services' aspects.

"Safeguarding Official  
Information"

(E.O. 10501, effective  
15 December 1953)

5. Discussion: General McClure detailed how the prospective elimination of the classification "Restricted" created major

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IAC-M-130

24 November 1953


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BUDGETARY ANALYSIS OF INTELLIGENCE PROGRAMS

(Digest of Remarks at IAC on 24 November, Item 3)

1. The DCI said he did not know of any additional matters to be discussed in this regard since he understood that the ad hoc committee had begun its consideration of the classification problem and was making progress.

2.  said that he had raised the problem with the Office of the Secretary of Defense. In talking with Mr. Garlock (deputy to Assistant Secretary McNeil) he had explained what the Bureau of the Budget seemed to have in mind and what it had done in approaching the IAC. Mr. Garlock said he saw no objection to the IAC giving guidance to the Bureau of the Budget in this field but that it would be preferable for the BOB to approach Messrs. Veach and Shaub of his office.

3. The DCI said he would be delighted to pass these names on to Mr. Macy.

4. General Samford felt it would be a mistake at this time to have Mr. Macy approach OSD with as unprecise an idea of what is wanted as he now has. General Samford added that he felt that the ad hoc committee's charter should be expanded to include the task of reviewing not only the "classification" aspect of Mr. Macy's mimeographed paper but also of reducing the balance of that paper to meaningful proposals and developing a modus operandi. Having done that, the committee could pass the paper to the IAC, who in turn could provide it to Macy and at that point Mr. Macy could go to OSD with a piece of paper in his hand which would be more precise and useful than what was now available. General Samford pointed out that the Secretary of Defense's office could not look at this problem in its entirety but that Mr. Macy is compelled to. Because of this, he felt it desirable to forestall an approach by the BOB to the Department of Defense until the best effort had been made to view the problem as a whole and refine the position originally presented by Mr. Macy,

5. General Samford's proposal was adopted.

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